



INDOCHINA
CAPITAL
MONTHLY
NEWSLETTER

Stock Market Commentary

- Regulatory crackdown on corporate bonds and tightening monetary conditions inflicted a heavy blow on real estate developers. The liquidity crunch in the property sector extended to the stock market and caused massive selloffs of Vietnamese listed stocks in November until bottom fishers and strong foreign buying came to save the day in the last week of the month.
 - **The VN Index** plunged to 27-month low before rebounding and closing the month at **1,048.42**. The Index registered a **monthly gain of 2.48%** and a **YTD loss of 35.31%** in **USD terms**.
 - Sector performances diverged with the banking sector (+6.1% MoM) and the consumer & retail sector (+4.9% MoM) advancing while the oil & gas sector (-0.5% MoM) and the real estate sector (-1.2% MoM) retreating.
- Average liquidity dropped by 17% MoM in the first three weeks of November. However, soaring money inflows in the last week of the month has pushed the **monthly average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges to similar level with October's of **US\$505.10 million**.
- **Foreign investors net bought US\$676.80 million** in **November** and **US\$619.65 million YTD**. November's net foreign purchase of Vietnam's listed stocks was the highest in the last 54 months.
- **Vietnam's listed market capitalization** was at **US\$178.75 billion** by the end of the month. The **VN Index** was trading at positive **trailing P/E of 10.4**, a significant discount compared to ASEAN's average of 13.1x.
- While liquidity issues of the real estate sector are likely to persist into 2023, the government has become aware of the problematic ramifications of the sudden liquidity squeeze and has set up working groups to address the problems.
- Tightening domestic liquidity and weakening global demand are expected to drag down Vietnam's growth in 2023 to 6% from this year's 7.5%. However, the longer-term outlook of Vietnam's economy remains positive with resilient FDI and growing disposable income, which should be strong supports for future stock market rallies.

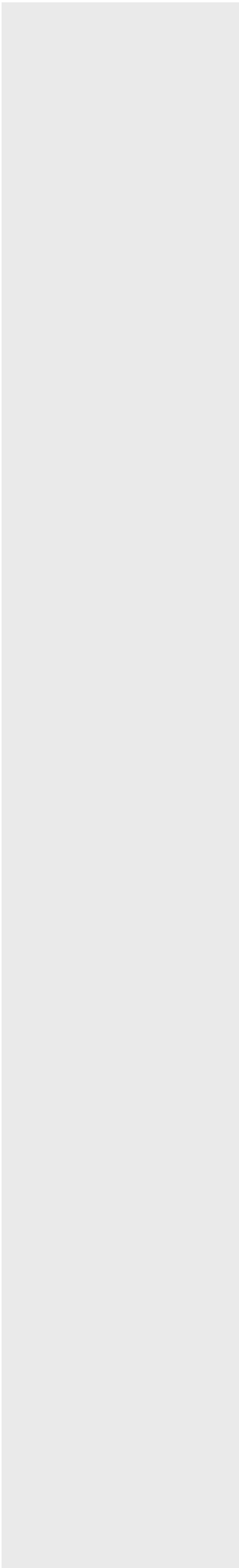
Macroeconomic Update

	Nov 2021	Oct 2022	Nov 2022	FY2022 Target
CPI (MoM change)	0.32%	0.15%	0.39%	
CPI (YoY change)	2.10%	4.30%	4.37%	<4.00%
YTD Trade Balance (US\$ billion)	1.46	9.40	10.60	
Exchange Rate (US\$/VND)	22,805	24,879	24,761	
YTD Disbursed FDI (US\$ billion)	17.10	17.45	19.68	
PMI Manufacturing Index	52.2	50.6	47.4	
Industrial Production growth (YTD YoY)	3.63%	9.01%	8.57%	
Nominal Retail Sales Growth (YTD YoY)	-8.72%	20.25%	20.50%	
VN Index	1,478.44	1,027.94	1,048.42	

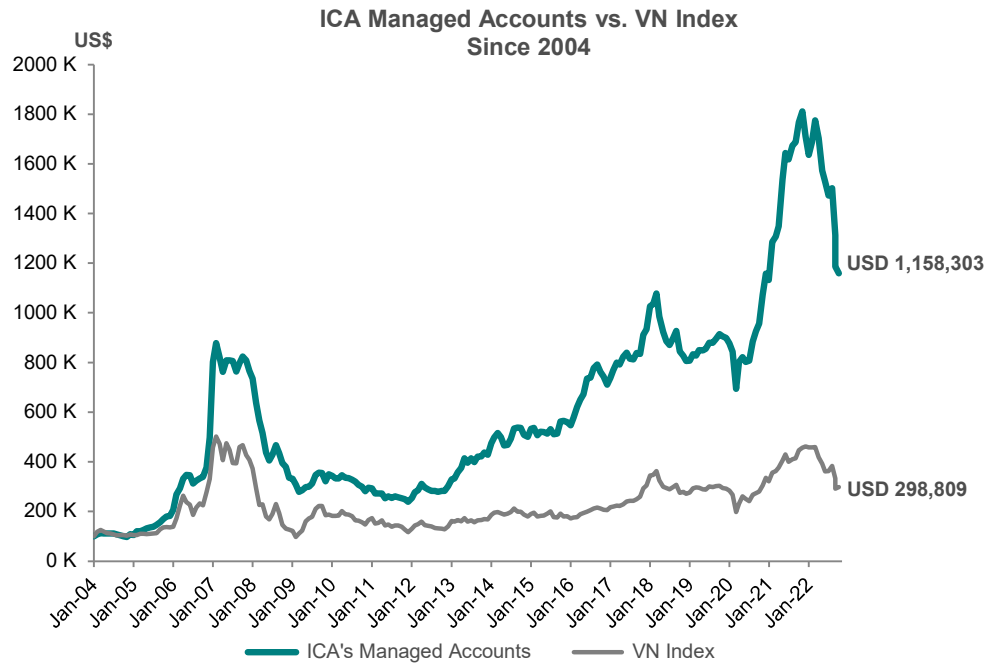
Source: GSO, Customs Office

Vietnam's manufacturing sector began to feel the impact of waning global demand with weaker new orders and flat output. On the other hand, household consumption and FDI remained resilient, the former bolstered by reopening tailwind and the latter by continued relocation of factories into Vietnam. Inflation also stayed under control.

- **11M revenue of retail sales and services increased by 20.50% YoY. November number rose by 17.46% YoY and by 2.58% MoM**, the ninth successive MoM expansion.
 - Retail sales of goods (+10.70% YoY & +2.63% MoM), accommodation & catering services (+51.90% YoY & +2.78% MoM) and others (+41.48% YoY & +2.26% MoM) expanded in both YoY and MoM terms while tourism (+308.69% YoY & -0.48% MoM) slightly contracted versus last month.
- **The Index of Industrial Production (IIP) rose by 5.30% YoY and by 0.29% MoM in November. For 11M 2022, IIP grew by 8.57% YoY.**
 - Growth was led by mining (+15.95% YoY & +5.09% MoM) while manufacturing (+4.40% YoY & 0.10% MoM) and power generation & distribution (+4.60% YoY & -2.00% MoM) slowed down due to weaker export orders.
 - For 11M 2022, manufacturing achieved the highest growth rate of 8.92% YoY.
- **Vietnam's Manufacturing PMI declined to 47.4 in November**, ending the 13-month sequence of improvement.
 - Manufacturing new orders declined for the first time in 14 months, reflecting weaker international demand.
 - Employment was down for the first time in eight months as firms cut staffs to reduce costs.
- **CPI climbed by 0.39% MoM in November and 4.37% YoY.**
 - YoY inflation was driven by food & food services (+5.23% YoY & -0.07% MoM) and housing & construction materials (+5.96% YoY & +0.97% MoM).
 - Transportation cost cooled down to +0.94% YoY but expanded 2.23% MoM as the government increased retail fuel price to support fuel retailers.
- **Vietnam recorded a trade surplus of US\$0.78 billion in November which drove YTD trade surplus to US\$10.60 billion.**
 - Export value dropped by 8.4% YoY and 3.9% MoM. Import value fell 7.3% YoY but rose 1.8% MoM.
 - 11M exports growth reached 13.4% YoY, imports 10.1% YoY.
- **For 11M 2022, registered FDI reached US\$21.06 billion (-4.63% YoY) and disbursed FDI was at US\$19.68 billion (+15.09% YoY).**
 - YTD, the manufacturing sector attracted 66.53% of total committed FDI, the real estate sector 13.11%, the utilities sector 10.30%, and the remaining sector 10.06%.
 - There were 1,812 newly registered projects in 11M 2022, an increase of 235 compared to the same period last year which indicates strong interest from foreign investors.
- **The USD/VND exchange rate dropped to 24,761 in November** from 24,879 in October. Globally, the USD has weakened from early November, and this helped ease exchange rate pressure on the VND.

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- The IMF has recently cut its forecast for Vietnam's 2023 GDP growth rate from 6.2% to 5.8% due to weaker global economic outlook and domestic tightening liquidity. Despite a less optimistic short term export outlook, Vietnam remains an attractive FDI destination thanks to the country's manufacturing competitiveness.

Historical Performance

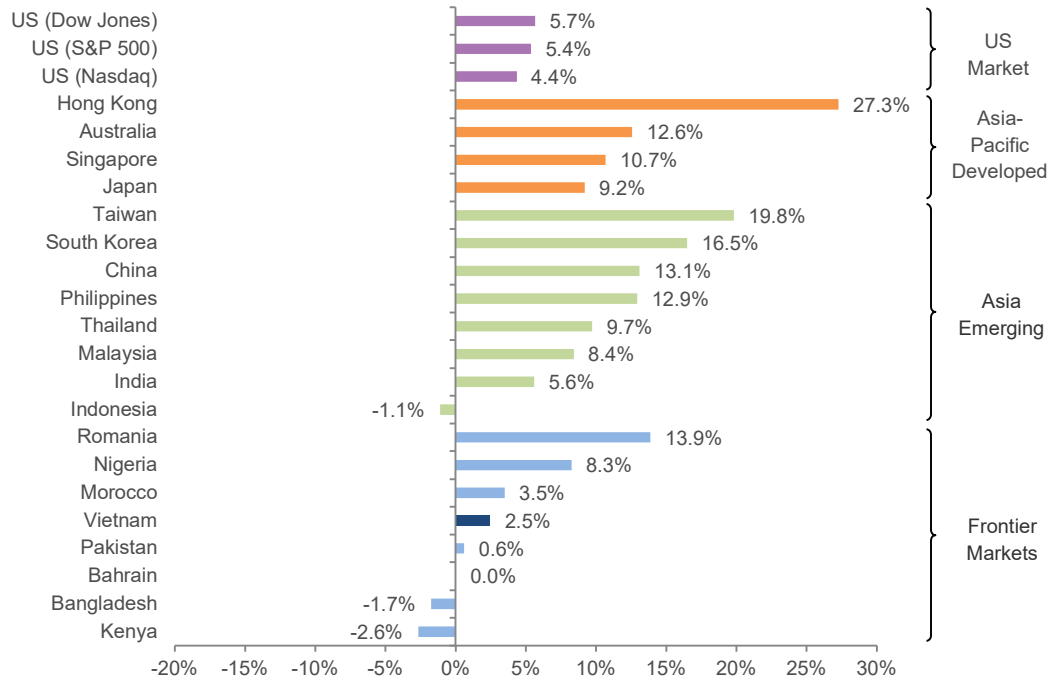


* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

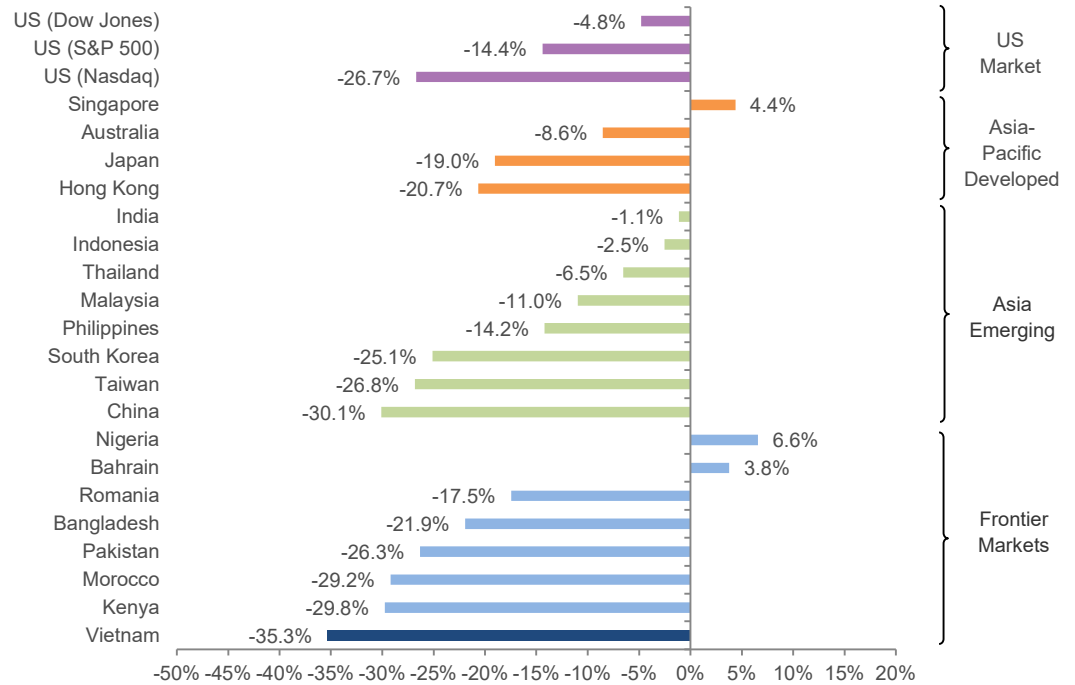
** Monthly time-weighted returns, net of all fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

*** Data as of November 30, 2022

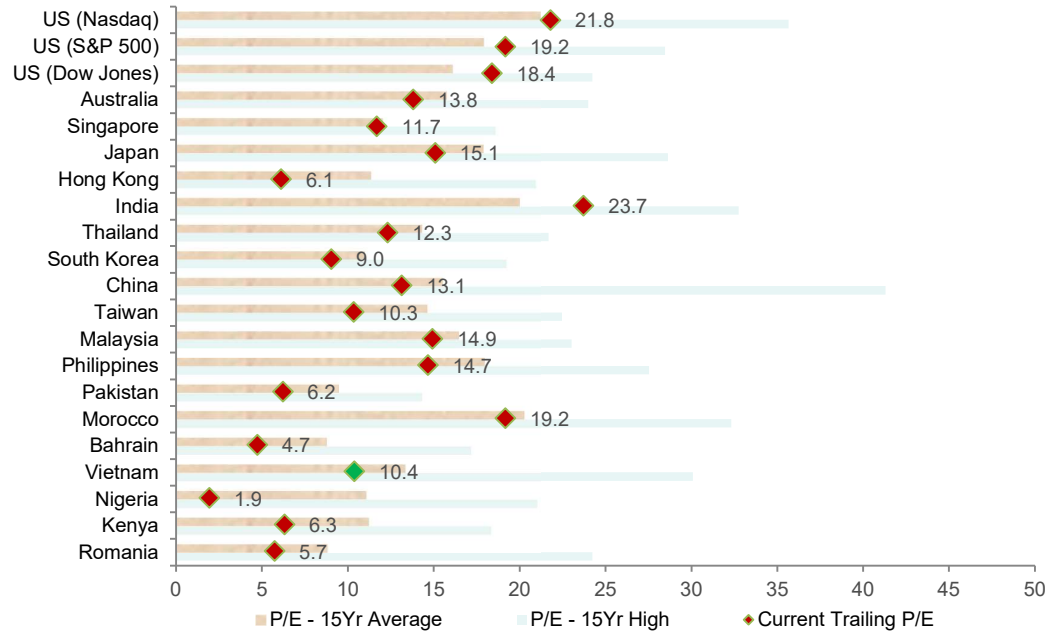
Stock Market Monthly Returns by Country (in USD) as of November 30, 2022



Stock Market YTD Returns by Country (in USD) as of November 30, 2022



Stock Market P/E's by Country Current Trailing, 15-Year Average & 15-Year High



* Adjusted positive P/E

** Data for Indonesia and Bangladesh not available

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